



## PRESS RELEASE



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### **Housing Starts Expected to Remain Strong in 2004**

**OTTAWA, Ontario, November 17, 2003** — Housing starts are expected to reach 204,100 units in 2004, after reaching a 14-year high in 2003 with an expected level of 218,500 starts according to Canada Mortgage and Housing Corporation's (CMHC) fourth quarter CMHC Housing Outlook, National Edition report.

"Consumer confidence remains high and mortgage rates are extremely low. These factors, combined with recovering employment growth will contribute to the strong performance of the housing market in 2004," said Bob Dugan, Chief Economist at CMHC. "However, a better balance between listings and sales in the existing home market as well as expected rising mortgage rates will ease the pace of new home construction next year when starts are expected to reach just over 204,000 units."

"While we expect the existing home market to become more balanced, it will remain tight, causing house prices to continue to rise at rates above overall inflation for the remainder of this year and throughout 2004. However, as sales edge lower, relative to new listings coming on the market, growth in house prices will moderate relative to the 2002 and 2003 pace. The average price of existing homes will increase by 9.3 per cent this year and 4.8 per cent in 2004.

"The low interest rates, which have contributed to strong housing starts have also helped keep carrying costs of high mortgage debt levels manageable in spite of rising home prices. Thus existing homeowners continue to be encouraged to move up and renter households are still moving into the home ownership market," added Dugan.

British Columbia's housing starts are up strongly this year as market conditions improve thanks to low mortgage rates and employment and income growth. Starts in 2004 will continue to rise but, at a slower pace. British Columbia will be the only province where housing starts are expected to increase in 2004.

In Ontario, residential construction remained strong this year and will continue to be next year, thanks to positive consumer sentiment, strong job growth and low mortgage rates. Single-family starts next year will post their third highest level in 14 years.

Quebec's starts will have peaked this year thanks to rising disposable income due to strong employment growth, increasing net migration and low mortgage rates. These trends will continue to support demand for new homes into 2004 but at a slightly lower level.

In the Prairies, residential construction continues to return to a more sustainable pace after record growth experienced in 2002. This year, Alberta is expected to record its third best performance since 1981. The downward trend to more sustainable levels will continue across the Prairies in 2004.

Following the Atlantic region's large gains in housing starts throughout 2001 and 2002, soft labour market conditions have slowed ownership housing demand and starts slowed in Prince Edward Island and Nova Scotia this year. The region will see fewer starts into 2004 due to expected rising mortgage rates.

**Information on this release:**

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<b>National Housing Outlook</b>			
<b>Key Housing Market Indicators</b>			
	<b>2002 Actual</b>	<b>2003 Forecasts</b>	<b>2004 Forecasts</b>
Total housing starts (units)	205,034	*218,500	*204,100
Total single-detached houses	125,374	*121,700	*116,400
Total multiple housing units	79,660	*96,800	*87,700
Total MLS® sales**	420,676	*429,800	*412,000
Average MLS® selling price (\$)**	188,168	*205,700	*215,600

  

<b>Provincial Housing Outlook</b>			
<b>Total Housing Starts</b>			
	<b>2002 Actual</b>	<b>2003 Forecasts</b>	<b>2004 Forecasts</b>
Newfoundland and Labrador	2,419	2,500	2,350
Prince Edward Island	775	750	685
Nova Scotia	4,970	4,775	4,400
New Brunswick	3,862	4,500	4,200
Quebec	42,452	49,000	48,000
Ontario	83,587	86,300	78,500
Manitoba	3,617	4,150	3,700
Saskatchewan	2,963	3,350	3,050
Alberta	38,754	37,200	32,200
British Columbia	21,625	26,000	27,000

SOURCE: CMHC Housing Outlook, National Edition, Fourth Quarter 2003.

\* Rounded off to the nearest hundred.

\*\* The term MLS® stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA). Data is for 10 provinces.